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Yes on CAFTA

Trade agreement would promote business between U.S., Central America

The globalization of business will accelerate in the coming years. The United States either can lead the free-trade movement or can move to the sidelines and watch other nations gain the advantage.

Congress should quit delaying approval of the Central American Free Trade Agreement, which was negotiated last year. CAFTA, as it is commonly known, would expand U.S. companies' exports to five Central American nations -- Honduras, Nicaragua, Costa Rica, El Salvador and Guatemala -- and the Dominican Republic, in the Caribbean.

The treaty was negotiated by former U.S. trade representative Robert Zoellick and is championed by his successor, Rob Portman, a former congressman from Cincinnati.

For U.S. businesses, CAFTA nations offer 46 million potential consumers. Trade between the United States and Central America has increased over the past two decades, but the pact that paved the way was decidedly one-sided in favor of the emerging democracies of Central America. The Caribbean Basin Initiative, begun in the 1980s under President Reagan, allowed 80 percent of the products from Central America to enter the United States free of duty.

CAFTA would replace the initiative, which expires in 2008, and would immediately remove import barriers in Central America on 80 percent of the U.S. consumer and industrial products and about one-half of farm products. All tariffs would be phased out over 20 years.

U.S. exports to the six nations total about \$15 billion a year. Proponents of the deal say that would increase by \$4 billion in the pact's first year, resulting in a net gain of about 25,000 U.S. jobs.

Backers also say the accord would boost U.S. exports in areas such as computer services, telecommunications and financial services.

The U.S. sugar industry, however, is aghast, arguing that CAFTA would kill sugar-production jobs. The treaty provides for the gradual increase of sugar imports from 1.2 percent of current sugar consumption in the first year to 1.7 percent over 15 years. That modest increase in foreign competition hardly would kill this industry, which has been heavily protected by anti-consumer trade rules.

Human-rights groups fear that the pact will do nothing to improve the lives of the poor workers in the Dominican Republic and Central America. But the treaty has a section calling for fines against countries that aren't enforcing labor laws.

Central American nations have been moving away from corrupt dictatorships toward democratic rule. The Caribbean initiative is credited with stabilizing the region by boosting its economies. CAFTA, once enacted, would continue this progress.

Opponents of CAFTA liken it to NAFTA, as a jobs-killer. The North American Free Trade Agreement, involving the United States, Canada and Mexico, resulted in job losses in some U.S. sectors, such as manufacturing, and gains in others, such as high-tech industries.

The same will be true of CAFTA, but supporters expect long-term benefits for the United States and the other members of the treaty.

Bush on Tuesday called CAFTA's approval one of his priorities for this year. Congress should make it happen.